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VIA E-MAIL

Ms. Carmen Suro-Bredie
Chair, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th St. N.W.
Washington, DC 20508

Re: Ispat Mexicana's Reply Comments on Import Relief the President Should Undertake Under Section 203

Dear Ms. Suro-Bredie:

On behalf of Ispat Mexicana, S.A. de C.V. (“Imexsa”), we submit this short response to the comments submitted by the Mini-mill Coalition (“Coalition”), regarding what import relief President Bush should impose under Section 203(a) of the Trade Act of 1974 (“Trade Act”), as amended (19 U.S.C. 2253(a)). The Coalition misrepresents the price and volume of Mexican slab imports and fails to acknowledge the separate analysis afforded Mexican imports under Section 802 of the North American Free Trade Agreement (“NAFTA”), 19 U.S.C. § 3371 *et. seq.*

At page 21 of the public version of its comments, the Coalition asserts that CST of Brazil, BHP of Australia, and Imexsa “are providing extremely low-priced slabs.” The Coalition provides some evidence—from the ITC Staff Report (“Staff Report”) and *American Metal*

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Market—supporting its assertion as to the Brazilian and Australian slab producers but provides no evidence whatsoever as to Mexico. This lack of evidence is not surprising, given that all available data clearly show that Mexican slab imports are higher priced than other foreign produced slab imports *and* domestically produced slab. Table “FLAT-4” of the Staff Report (at FLAT-9) shows that Mexican slab imports were higher priced than imports from non-NAFTA countries for every year of the ITC investigation. As Imexsa’s January 4 comments to the TPSC noted, a comparison between Table “FLAT-4” and Table “FLAT-12” (at FLAT-18 of the Staff Report) illustrates that Mexican slab was also higher priced than domestically produced slab in four of the five years of the investigation. Thus, the Coalition’s assertion that Mexican slab is “extremely low-priced” is not only unsubstantiated, but it is also demonstrably inaccurate.

At page 22 of the public version of its comments, the Coalition contends that “[i]mports from other major slab suppliers, including Mexico . . . showed dramatic increases in the third quarter 2001.” While it is not entirely clear from this statement or the accompanying table in what manner the third quarter of 2001 is being compared, this statement completely misconstrues Mexican slab import trends. Because import statistics vary widely from month to month, and even quarter to quarter, it is necessary to view trends over longer periods of time and compare equivalent time periods. While Mexican slab imports in the third quarter of 2001 are up slightly over the third quarter of 2000, Mexican slab imports are down from 1,285,316 short tons during Jan.-Sept. 2000 to 1,134,219 short tons during Jan.-Sept. 2001.¹ This downward trend is consistent with the statistics in the Staff Report. *See* Staff Report, Table FLAT-4, at FLAT-9.

* The Coalition cites Department of Commerce import statistics for its figures, but our review of this data reveals a number of slight inaccuracies in the Coalition’s figures. For simplicity’s sake, we use the Coalition’s figures for all periods represented in its Table 3 and our calculations for other periods. For example, the 1,285,316 figure

Finally, the Coalition's broad-brush grouping of Mexican slab with other foreign slab producers ignores Section 802 of the NAFTA, which mandates a separate analysis of Mexican imports using different criteria. Under Section 802, even if *all* imports were determined to be injurious to the domestic industry, a separate analysis must be made as to *NAFTA* imports to determine if these NAFTA imports "contribute seriously to the serious injury." As Imexsa argued in its January 4 comments to the TPSC, this statutory requirement is not met as to Mexican slab, *inter alia*, because Mexican slab is higher priced and its rate of increase has been well below the rates of other major slab suppliers during the period of the ITC's investigation. See Ispat Mexicana Comments on Import Relief, pages 15-10, 13-15 (Jan. 4, 2001).

The Coalition's arguments are factually inaccurate and legally insufficient. In light of the arguments Imexsa presented in its comments and the lack of credible arguments to the contrary, we again urge the President to exempt all Mexican slab imports from any trade remedies imposed as a result of the ITC's steel investigation.

Respectfully submitted,

/s

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represents the Coalition's 914,209 short tons for Jan.-June 2000 plus 371,107, which we derived from Commerce's monthly import statistics for the five HTS slab classifications covered by the ITC's investigation.